

OCT 23 '06

3-39 PM



SURFACE TRANSPORTATION BOARD

October 20, 2006

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

Dear Secretary:

I have enclosed two documents, a primary document and a secondary document, each described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code. The primary document, a Security and Pledge Agreement dated February 16, 2006, was entered into by Lansing Grain Company, LLC and JPMorgan Chase Bank, N.A., as Administrative Agent, but was never filed with the Board. After the primary document was executed, Lansing Grain Company, LLC merged with and into Lansing Trade Group, LLC, with Lansing Trade Group, LLC being the sole surviving entity. Additionally, Société Générale became the successor agent to JPMorgan Chase Bank, N.A. On October 16, 2006, Lansing Trade Group, LLC and Société Générale, as Administrative Agent, executed Amendment No. 1 to Security and Pledge Agreement, a secondary document relating to the Security and Pledge Agreement described above, which the parties wish to file with the Board. Although the primary document was never filed with the Board and the current parties to the agreements do not have an original signed copy of the primary document, based on our telephone conversation with Barbara Saddler, it is our understanding that the Board will be able to file both the secondary document and the primary document to which it relates.

The documents enclosed for recording are as follows:

1. Security and Pledge Agreement, a primary document, dated February 16, 2006
2. Amendment No. 1 to Security and Pledge Agreement, a secondary document that is connected to the Security and Pledge Agreement described above, dated October 16, 2006

The names and addresses of the parties to the documents are as follows:

Borrower:

Lansing Trade Group, LLC
2280 Sower Boulevard
Okemos, Michigan 48864
Attention: Jim Jenks
Telephone: 517.349.7630
Facsimile: 517.349.0633

Administrative Agent:

Société Générale
1221 Avenue of the Americas
New York, New York 10020
Attention: Peter Lopoukhine
Telephone: 212.278.7397
Facsimile: 212.278.7953

A description of the equipment covered by the document is attached hereto as Exhibit A.

Included in the property covered by the aforesaid Security and Pledge Agreement are railroad cars and locomotives intended for use related to interstate commerce, or interests therein, owned by Lansing Trade Group, LLC at the date of the Security and Pledge Agreement or thereafter acquired by it or its successors as owners of the lines of railway covered by the Security and Pledge Agreement.

A fee of \$34.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to Bracewell & Giuliani LLP, 711 Louisiana Street, Suite 2300, Houston, Texas 77002-2770, Attention: Christina Stegemoller.


A short summary of the documents to appear in the index follows:

Security and Pledge Agreement between Lansing Trade Group, LLC (successor by merger to Lansing Grain Company, LLC) whose address is 2280 Sower Boulevard, Okemos, Michigan 48864 and Société Générale, as Agent (successor agent to JPMorgan Chase Bank, N.A.) whose address is 1221 Avenue of the Americas, New York, New York 10020, dated February 16, 2006, as amended by Amendment No. 1 to Security and Pledge Agreement dated October 16, 2006 and covering one locomotive and 63 railcars.

Please contact Christina Stegemoller at 713.221.3316 or christina.stegemoller@bgllp.com with any questions or comments. Thank you for your assistance.

Very truly yours,

SOCIÉTÉ GÉNÉRALE

By: 
Name: Peter Lopoukhine
Title: Vice President

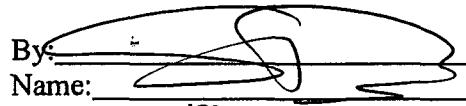
By: 
Name: Sebastien Ribatto
Title: Director

EXHIBIT A

DESCRIPTION OF RAILCARS AND LOCOMOTIVES

The following locomotive

Model GP-9, Loco #4517,
Built in 1957, 1750 HP, diesel engine, 8" piston, 26L airbrake

The following 63 covered hopper railcars

	Original Marking		Restencils	
1.	DSRC	900203	LANX	8100
2.	DSRC	900005	LANX	8101
3.	DSRC	900018	LANX	8102
4.	DSRC	900051	LANX	8103
5.	DSRC	900003	LANX	8104
6.	DSRC	900006	LANX	8105
7.	DSRC	900020	LANX	8106
8.	DSRC	900027	LANX	8107
9.	DSRC	900030	LANX	8108
10.	DSRC	900031	LANX	8109
11.	DSRC	900036	LANX	8110
12.	DSRC	900039	LANX	8111
13.	DSRC	900052	LANX	8112
14.	DSRC	900055	LANX	8113
15.	DSRC	900073	LANX	8114
16.	DSRC	900075	LANX	8115
17.	DSRC	900080	LANX	8116
18.	DSRC	900083	LANX	8117
19.	DSRC	900085	LANX	8118
20.	DSRC	900089	LANX	8119
21.	DSRC	900092	LANX	8120
22.	DSRC	900097	LANX	8121
23.	DSRC	900096	LANX	8122
24.	DSRC	900101	LANX	8123
25.	DSRC	900104	LANX	8124
26.	DSRC	900112	LANX	8125
27.	DSRC	900113	LANX	8126
28.	DSRC	900122	LANX	8127
29.	DSRC	900125	LANX	8128
30.	DSRC	900126	LANX	8129
31.	DSRC	900128	LANX	8130
32.	DSRC	900130	LANX	8131
33.	DSRC	900133	LANX	8132

34.	DSRC	900139	LANX	8133
35.	DSRC	900144	LANX	8134
36.	DSRC	900154	LANX	8135
37.	DSRC	900162	LANX	8136
38.	DSRC	900166	LANX	8137
39.	DSRC	900173	LANX	8138
40.	DSRC	900181	LANX	8139
41.	DSRC	900185	LANX	8140
42.	DSRC	900190	LANX	8141
43.	DSRC	900198	LANX	8142
44.	DSRC	900197	LANX	8143
45.	DSRC	900200	LANX	8144
46.	DSRC	900204	LANX	8145
47.	DSRC	900215	LANX	8146
48.	DSRC	900219	LANX	8147
49.	DSRC	900224	LANX	8148
50.	DONX	7105	LANX	7100
51.	DONX	7109	LANX	7101
52.	DONX	7110	LANX	7102
53.	DONX	7112	LANX	7103
54.	DONX	7116	LANX	7104
55.	DONX	7121	LANX	7105
56.	DONX	7122	LANX	7106
57.	DONX	7123	LANX	7107
58.	DONX	7124	LANX	7108
59.	DONX	7128	LANX	7109
60.	DONX	7162	LANX	7110
61.	DONX	7164	LANX	7111
62.	DONX	7171	LANX	7113
63.	DONX	7177	LANX	7114

OCT 23 '06

3:39 PM

PLEDGE AND SECURITY AGREEMENT**SURFACE TRANSPORTATION BOARD**

THIS PLEDGE AND SECURITY AGREEMENT (as it may be amended or modified from time to time, the "Security Agreement") is entered into as of February 16, 2006 by and between LANSING GRAIN COMPANY, LLC, a Michigan limited liability company (the "Borrower"), and JPMorgan Chase Bank, N.A., in its capacity as administrative agent (the "Administrative Agent") for the lenders party to the Credit Agreement referred to below.

PRELIMINARY STATEMENT

The Borrower, the other Loan Parties and the Lenders are entering into a Credit Agreement dated as of February __, 2006 (as it may be amended or modified from time to time, the "Credit Agreement"). The Borrower is entering into this Security Agreement in order to induce the Lenders to enter into and extend credit to the Borrower under the Credit Agreement.

ACCORDINGLY, the Borrower and the Administrative Agent, on behalf of the Lenders, hereby agree as follows:

**ARTICLE I
DEFINITIONS**

1.1. Terms Defined in Credit Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2. Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement are used herein as defined in the UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the Preliminary Statement, the following terms shall have the following meanings:

"Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Chattel Paper" shall have the meaning set forth in Article 9 of the UCC.

"Closing Date" means the date of the Credit Agreement.

"Collateral" shall have the meaning set forth in Article II.

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance satisfactory to the Administrative Agent, between the Administrative Agent and any third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of Borrower for any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time.

"Collateral Deposit Account" shall have the meaning set forth in Section 7.1(a).

"Collateral Report" means any certificate (including any Monitoring Base Certificate), report or other document delivered by the Borrower to the Administrative Agent or any Lender with respect to the Collateral pursuant to any Loan Document.

“Commodity Account” shall have the meaning set forth in Article 9 of the UCC.

“Commodity Account Control Agreement” means an agreement, in form and substance satisfactory to the Administrative Agent, among Borrower, any institution with which Borrower has established a Commodity Account, and the Administrative Agent with respect to control of all Commodity Accounts and Commodity Contracts maintained by Borrower with such institution.

“Chattel Paper” shall have the meaning set forth in Article 9 of the UCC.

“Control” shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the UCC.

“Copyrights” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Deposit Account Control Agreement” means an agreement, in form and substance satisfactory to the Administrative Agent, among Borrower, a banking institution holding Borrower’s funds, and the Administrative Agent with respect to collection and control of all deposits and balances held in a deposit account maintained by Borrower with such banking institution.

“Deposit Accounts” shall have the meaning set forth in Article 9 of the UCC.

“Documents” shall have the meaning set forth in Article 9 of the UCC.

“Equipment” shall have the meaning set forth in Article 9 of the UCC.

“Event of Default” means an event described in Section 5.1.

“Exhibit” refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

“Farm Products” shall have the meaning set forth in Article 9 of the UCC.

“Fixtures” shall have the meaning set forth in Article 9 of the UCC.

“General Intangibles” shall have the meaning set forth in Article 9 of the UCC.

“Goods” shall have the meaning set forth in Article 9 of the UCC.

“Instruments” shall have the meaning set forth in Article 9 of the UCC.

“Inventory” shall have the meaning set forth in Article 9 of the UCC.

“Investment Property” shall have the meaning set forth in Article 9 of the UCC.

“Lenders” means the lenders party to the Credit Agreement and their successors and assigns.

"Letter-of-Credit Rights" shall have the meaning set forth in Article 9 of the UCC.

"Licenses" means, with respect to any Person, all of such Person's right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

"Lock Boxes" shall have the meaning set forth in Section 7.1(a).

"Lock Box Agreements" shall have the meaning set forth in Section 7.1(a).

"Patents" means, with respect to any Person, all of such Person's right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

"Pledged Collateral" means all Instruments, Securities and other Investment Property of the Borrower, whether or not physically delivered to the Administrative Agent pursuant to this Security Agreement.

"Receivables" means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Required Secured Parties" means (a) prior to an acceleration of the Obligations under the Credit Agreement, the Required Lenders, (b) after an acceleration of the Obligations under the Credit Agreement but prior to the date upon which the Credit Agreement has terminated by its terms and all of the obligations thereunder have been paid in full, Lenders holding in the aggregate at least 67.0% of the total of the Aggregate Credit Exposure, and (c) after the Credit Agreement has terminated by its terms and all of the Obligations thereunder have been paid in full (whether or not the Obligations under the Credit Agreement were ever accelerated), Lenders holding in the aggregate at least 67.0% of the aggregate net early termination payments and all other amounts then due and unpaid from the Borrower to the Lenders under Swap Agreement, as determined by the Administrative Agent in its reasonable discretion.

"Section" means a numbered section of this Security Agreement, unless another document is specifically referenced.

"Security" has the meaning set forth in Article 8 of the UCC.

"Stock Rights" means all dividends, instruments or other distributions and any other right or property which the Borrower shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Borrower now has or hereafter acquires any right, issued by an issuer of such Equity Interest.

"Supporting Obligations" shall have the meaning set forth in Article 9 of the UCC.

"Trademarks" means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the

foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the State of Indiana or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, Administrative Agent's or any Lender's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II GRANT OF SECURITY INTEREST

The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders, a security interest in all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of the Borrower (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Borrower, and regardless of where located (all of which will be collectively referred to as the “Collateral”), including:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Documents;
- (iv) all Equipment;
- (v) all Fixtures;
- (vi) all General Intangibles;
- (vii) all Goods;
- (viii) all Instruments;
- (ix) all Inventory;
- (x) all Investment Property, including without limitation all Commodity Accounts and Commodity Contracts;
- (xi) all cash or cash equivalents;
- (xii) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;
- (xiii) all Deposit Accounts with any bank or other financial institution;
- (xiv) all Farm Products;
- (xv) and all accessions to, substitutions for and replacements, proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Secured Obligations.

ARTICLE III REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

3.1. Title, Perfection and Priority. The Borrower has good and valid rights in or the power to transfer the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1(e), and has full power and authority to grant to the Administrative Agent the security interest in such Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against the Borrower in the locations listed on Exhibit H, the Administrative Agent will have a fully perfected first priority security interest in that Collateral in which a security interest may be perfected by filing, subject only to Liens permitted under Section 4.1(e).

3.2. Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of the Borrower, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A.

3.3. Principal Location. The Borrower's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), are disclosed in Exhibit A; the Borrower has no other places of business except those set forth in Exhibit A.

3.4. Collateral Locations. All of Borrower's locations where Collateral is located are listed on Exhibit A. All of said locations are owned by the Borrower except for locations (i) which are leased by the Borrower as lessee and designated in Part VII(b) of Exhibit A and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part VII(c) of Exhibit A.

3.5. Deposit Accounts. All of the Borrower's Deposit Accounts are listed on Exhibit B.

3.6. Commodity Accounts. All of the Borrower's Commodity Accounts are listed on Exhibit B.

3.7. Exact Name. The Borrower's name in which it has executed this Security Agreement is the exact name as it appears in the Borrower's organizational documents, as amended, as filed with the Borrower's jurisdiction of organization. The Borrower has not been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition, other than its acquisition of the assets of LGC Group, Inc. f/k/a Lansing Grain Company, effective as of January 1, 2003.

3.8. Letter-of-Credit Rights and Chattel Paper. Exhibit C lists all Letter-of-Credit Rights and Chattel Paper of the Borrower. All action by the Borrower necessary or desirable to protect and perfect the Administrative Agent's Lien on each item listed on Exhibit C (including the delivery of all originals and the placement of a legend on all Chattel Paper as required hereunder) has been duly taken. The Administrative Agent will have a fully perfected first priority security interest in the Collateral listed on Exhibit C, subject only to Liens permitted under Section 4.1(e).

3.9. Accounts and Chattel Paper.

(a) The names of the obligors, amounts owing, due dates and other information with respect to the Accounts and Chattel Paper are and will be correctly stated in all records of the Borrower relating thereto and in all invoices and Collateral Reports with respect thereto furnished to the Administrative Agent by the Borrower from time to time. As of the time when each Account or each item of Chattel Paper arises, the Borrower shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all respects what they purport to be.

(b) With respect to Accounts, except as specifically disclosed on the most recent Collateral Report, (i) all Accounts are Eligible Accounts; (ii) all Accounts represent bona fide sales of Inventory or rendering of services to Account Debtors in the ordinary course of the Borrower's business and are not evidenced by a judgment, Instrument or Chattel Paper; (iii) there are no setoffs, claims or disputes existing or asserted with respect thereto and the Borrower has not made any agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by Borrower in the ordinary course of its business for prompt payment and disclosed to the Administrative Agent; (iv) to Borrower's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on the Borrower's books and records and any invoices, statements and Collateral Reports with respect thereto; (v) the Borrower has not received any notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any adverse change in such Account Debtor's financial condition; and (vi) the Borrower has no knowledge that any Account Debtor is unable generally to pay its debts as they become due.

(c) In addition, with respect to all Accounts, (i) the amounts shown on all invoices, statements and Collateral Reports with respect thereto are actually and absolutely owing to the Borrower as indicated thereon and are not in any way contingent; (ii) no payments have been or shall be made thereon except payments immediately delivered to a Lock Box or a Collateral Deposit Account as required pursuant to Section 7.1; and (iii) to the Borrower's knowledge, all Account Debtors have the capacity to contract.

3.10. Inventory. With respect to any Inventory scheduled or listed on the most recent Collateral Report, (a) such Inventory (other than Inventory in transit) is located at one of the Borrower's locations set forth on Exhibit A, (b) no Inventory (other than Inventory in transit) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(g), (c) the Borrower has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the Lien granted to the Administrative Agent, for the benefit of the Administrative Agent and Lenders, and except for Permitted Liens, (d) except as specifically disclosed in the most recent Collateral Report, such Inventory is Eligible Inventory of good and merchantable quality, free from any defects, (e) such Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party upon such sale or other disposition, (f) such Inventory has been produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder and (g) the completion of manufacture, sale or other disposition of such Inventory by the Administrative Agent following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which the Borrower is a party or to which such property is subject.

3.11. Intellectual Property. The Borrower does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Exhibit D. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit H and this Security Agreement with the United States Copyright Office and the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Administrative Agent on the Borrower's Patents, Trademarks and Copyrights, such perfected security interests are enforceable as such as against any and all creditors of and purchasers from the Borrower; and all action necessary or desirable to protect and perfect the Administrative Agent's Lien on the Borrower's Patents, Trademarks or Copyrights shall have been duly taken.

3.12. Filing Requirements. None of the Equipment is covered by any certificate of title, except for the vehicles described in Part I of Exhibit E. None of the Collateral is of a type for which security interests or liens may be perfected by filing under any federal statute except for (a) Patents, Trademarks and Copyrights held by the Borrower and described in Exhibit D, and (b) the rail cars and locomotives constituting Equipment is set forth in Exhibit F.

3.13. No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming the Borrower as debtor has been filed or is of record in any jurisdiction except (a) for financing statements or security agreements naming the Administrative Agent on behalf of the Lenders as the secured party and (b) as permitted by Section 4.1(e).

3.14. Pledged Collateral.

(a) Exhibit G sets forth a complete and accurate list of all of the Pledged Collateral. The Borrower is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit G as being owned by it, free and clear of any Liens, except for the security interest granted to the Administrative Agent for the benefit of the Lenders hereunder. The Borrower further represents and warrants that (i) all Pledged Collateral constituting an Equity Interest has been (to the extent such concepts are relevant with respect to such Pledged Collateral) duly authorized, validly issued, are fully paid and non-assessable, (ii) with respect to any certificates delivered to the Administrative Agent representing an Equity Interest, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, the Borrower has so informed the Administrative Agent so that the Administrative Agent may take steps to perfect its security interest therein as a General Intangible, (iii) all Pledged Collateral held by a securities intermediary is covered by a control agreement among the Borrower, the securities intermediary and the Administrative Agent pursuant to which the Administrative Agent has Control and (iv) all Pledged Collateral which represents Indebtedness owed to the Borrower has been duly authorized, authenticated or issued and delivered by the issuer of such Indebtedness, is the legal, valid and binding obligation of such issuer and such issuer is not in default thereunder.

(b) In addition, (i) none of the Pledged Collateral has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, and (ii) no consent, approval, authorization, or other action by, and no giving of notice, filing with, any governmental authority or any other Person is required for the pledge by the Borrower of the Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by the Borrower, or for the exercise by the Administrative Agent of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally.

(c) Except as set forth in Exhibit G, the Borrower owns 100% of the issued and outstanding Equity Interests which constitute Pledged Collateral and none of the Pledged Collateral which represents Indebtedness owed to the Borrower is subordinated in right of payment to other Indebtedness or subject to the terms of an indenture.

ARTICLE IV COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, the Borrower agrees that:

4.1. General.

(a) Collateral Records. The Borrower will maintain complete and accurate books and records with respect to the Collateral, and furnish to the Administrative Agent, with sufficient copies for each of the Lenders, such reports relating to the Collateral as the Administrative Agent shall from time to time request.

(b) Authorization to File Financing Statements; Ratification. The Borrower hereby authorizes the Administrative Agent to file, and if requested will deliver to the Administrative Agent, all financing statements and other documents and take such other actions as may from time to time be requested by

the Administrative Agent in order to maintain a first perfected security interest in and, if applicable, Control of, the Collateral. Any financing statement filed by the Administrative Agent may be filed in any filing office in any UCC jurisdiction and may (i) indicate the Collateral (1) as all assets of the Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or such jurisdiction, or (2) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether the Borrower is an organization, the type of organization and any organization identification number issued to the Borrower, and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Borrower also agrees to furnish any such information to the Administrative Agent promptly upon request. The Borrower also ratifies its authorization for the Administrative Agent to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Further Assurances. The Borrower will, if so requested by the Administrative Agent, furnish to the Administrative Agent, as often as the Administrative Agent requests, statements and schedules further identifying and describing the Collateral and such other reports and information in connection with the Collateral as the Administrative Agent may reasonably request, all in such detail as the Administrative Agent may specify. The Borrower also agrees to take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Administrative Agent in the Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(d) Disposition of Collateral. The Borrower will not sell, lease or otherwise dispose of the Collateral except for dispositions specifically permitted pursuant to Section 6.05 of the Credit Agreement.

(e) Liens. The Borrower will not create, incur, or suffer to exist any Lien on the Collateral except (i) the security interest created by this Security Agreement, and (ii) other Permitted Liens.

(f) Other Financing Statements. The Borrower will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral, except as permitted by Section 4.1(e). The Borrower acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Administrative Agent, subject to the Borrower's rights under Section 9-509(d)(2) of the UCC.

(g) Locations. The Borrower will not (i) maintain any Collateral at any location other than those locations listed on Exhibit A, (ii) otherwise change, or add to, such locations without the Administrative Agent's prior written consent as required by the Credit Agreement (and if the Administrative Agent gives such consent, the Borrower will concurrently therewith obtain a Collateral Access Agreement for each such location to the extent required by the Credit Agreement), or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A, other than as permitted by the Credit Agreement.

(h) Compliance with Terms. The Borrower will perform and comply with all obligations in respect of the Collateral and all agreements to which it is a party or by which it is bound relating to the Collateral.

4.2. Receivables.

(a) Certain Agreements on Receivables. The Borrower will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of an Event of Default, the Borrower may reduce the amount of Accounts arising from the sale of Inventory in accordance with its present policies and in the ordinary course of business.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement, the Borrower will collect and enforce, at the Borrower's sole expense, all amounts due or hereafter due to the Borrower under the Receivables.

(c) Delivery of Invoices. The Borrower will deliver to the Administrative Agent immediately upon its request after the occurrence and during the continuation of an Event of Default duplicate invoices with respect to each Account bearing such language of assignment as the Administrative Agent shall specify.

(d) Disclosure of Counterclaims on Receivables. If (i) any discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on a Receivable exists or (ii) if, to the knowledge of the Borrower, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to a Receivable, the Borrower will promptly disclose such fact to the Administrative Agent in writing. The Borrower shall send the Administrative Agent a copy of each credit memorandum in excess of \$500,000 as soon as issued, and the Borrower shall promptly report each credit memo and each of the facts required to be disclosed to the Administrative Agent in accordance with this Section 4.2(d) on the Monitoring Base Certificates submitted by it.

(e) Electronic Chattel Paper. The Borrower shall take all steps necessary to grant the Administrative Agent Control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

4.3. Inventory and Equipment.

(a) Maintenance of Goods. The Borrower will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment in good repair and working and saleable condition, except for damaged or defective goods arising in the ordinary course of the Borrower's business and except for ordinary wear and tear in respect of the Equipment.

(b) Inventory Count. The Borrower will conduct a physical count of the Inventory at least once per Fiscal Year, and after and during the continuation of an Event of Default, at such other times as the Administrative Agent requests. Upon request of the Administrative Agent, the Borrower, at its own expense, shall deliver to the Administrative Agent the results of each physical verification, which the Borrower has made, or has caused any other Person to make on its behalf, of all or any portion of its Inventory.

(c) Equipment. The Borrower shall promptly inform the Administrative Agent of any additions to or deletions from the Equipment which individually exceed \$250,000. The Borrower shall not permit any Equipment to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property the Administrative Agent does not have a Lien. The Borrower will not, without the Administrative Agent's prior written consent, alter or remove any identifying symbol or number on any of the Borrower's Equipment constituting Collateral.

(d) Titled Vehicles. The Borrower will give the Administrative Agent notice of its acquisition of any vehicle covered by a certificate of title and deliver to the Administrative Agent, upon request, the original of any vehicle title certificate and provide and/or file all other documents or instruments necessary to have the Lien of the Administrative Agent noted on any such certificate or with the appropriate state office.

(e) Rolling Stock. The Borrower will give the Administrative Agent notice of its acquisition of any locomotive or rail car covered by a federal registration system, including, without limitation the U.S. Surface Transportation Board, and deliver to the Administrative Agent, and sufficient information regarding such rolling stock to enable the Administrative Agent to make a recording of its security interest in such rolling stock.

4.4. Delivery of Instruments, Securities, Chattel Paper and Documents. The Borrower will (a) deliver to the Administrative Agent immediately upon execution of this Security Agreement the originals of all Chattel Paper, Securities and Instruments constituting Collateral (if any then exist), (b) hold in trust for the Administrative Agent upon receipt and immediately thereafter deliver to the Administrative Agent any Chattel Paper, Securities and Instruments constituting Collateral, (c) upon the Administrative Agent's request, deliver to the Administrative Agent (and thereafter hold in trust for the Administrative Agent upon receipt and immediately deliver to the Administrative Agent) any Document evidencing or constituting Collateral and (d) upon the Administrative Agent's request, deliver to the Administrative Agent a duly executed amendment to this Security Agreement, in the form of Exhibit I hereto (the "Amendment"), pursuant to which the Borrower will pledge such additional Collateral. The Borrower hereby authorizes the Administrative Agent to attach each Amendment to this Security Agreement and agrees that all additional Collateral set forth in such Amendments shall be considered to be part of the Collateral.

4.5. Uncertificated Pledged Collateral. The Borrower will permit the Administrative Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Administrative Agent granted pursuant to this Security Agreement. The Borrower will take any actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any Pledged Collateral, to cause the Administrative Agent to have and retain Control over such Pledged Collateral. Without limiting the foregoing, the Borrower will, with respect to Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into a control agreement with the Administrative Agent, in form and substance satisfactory to the Administrative Agent, giving the Administrative Agent Control.

4.6. Pledged Collateral.

(a) Changes in Capital Structure of Issuers. The Borrower will not (i) permit or suffer any issuer of an Equity Interest constituting Pledged Collateral to dissolve, merge, liquidate, retire any of its Equity Interests or other Instruments or Securities evidencing ownership, reduce its capital, sell or encumber all or substantially all of its assets (except for Permitted Liens and sales of assets permitted pursuant to Section 4.1(d)) or merge or consolidate with any other entity, or (ii) vote any Pledged Collateral in favor of any of the foregoing.

(b) Registration of Pledged Collateral. The Borrower will permit any registerable Pledged Collateral to be registered in the name of the Administrative Agent or its nominee at any time at the option of the Required Secured Parties.

(c) Exercise of Rights in Pledged Collateral.

(i) Without in any way limiting the foregoing and subject to clause (ii) below, the Borrower shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral for all purposes not inconsistent with this Security Agreement, the Credit Agreement or any other Loan Document; *provided however, that* no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Administrative Agent in respect of the Pledged Collateral.

(ii) The Borrower will permit the Administrative Agent or its nominee at any time after the occurrence of an Event of Default, without notice, to exercise all voting rights or other rights relating to Pledged Collateral, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting Pledged Collateral as if it were the absolute owner thereof.

(iii) The Borrower shall be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral to the extent not in violation of the Credit Agreement other than any of the following distributions and payments (collectively referred to as the "Excluded Payments"): (A) dividends and interest paid or payable other than in cash in respect of any Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of an issuer; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, any Pledged Collateral; *provided however, that* until actually paid, all rights to such distributions shall remain subject to the Lien created by this Security Agreement; and

(iv) All Excluded Payments and all other distributions in respect of any of the Pledged Collateral, whenever paid or made, shall be delivered to the Administrative Agent to hold as Pledged Collateral and shall, if received by the Borrower, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of the Borrower, and be forthwith delivered to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

4.7. Intellectual Property.

(a) The Borrower will use its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or benefit of the Administrative Agent of any License held by the Borrower and to enforce the security interests granted hereunder.

(b) The Borrower shall notify the Administrative Agent immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding the Borrower's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(c) In no event shall the Borrower, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving the Administrative Agent prior written notice thereof, and, upon request of the Administrative Agent, the Borrower shall execute and deliver any and all security agreements as the Administrative Agent may request to evidence the Administrative Agent's first priority security interest on such Patent, Trademark or Copyright, and the General Intangibles of the Borrower relating thereto or represented thereby.

(d) The Borrower shall take all actions necessary or requested by the Administrative Agent to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents, Trademarks and Copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless the Administrative Agent shall determine that such Patent, Trademark or Copyright is not material to the conduct of Borrower's business.

(e) The Borrower shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Administrative Agent shall deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. In the event that the Borrower institutes suit

because any of the Patents, Trademarks or Copyrights constituting Collateral is infringed upon, or misappropriated or diluted by a third party, the Borrower shall comply with Section 4.8.

4.9. Letter-of-Credit Rights. If the Borrower is or becomes the beneficiary of a letter of credit, the Borrower shall promptly, and in any event within two Business Days after becoming a beneficiary, notify the Administrative Agent thereof and cause the issuer and/or confirmation bank to (i) consent to the assignment of any Letter-of-Credit Rights to the Administrative Agent and (ii) agree to direct all payments thereunder to a Deposit Account at the Administrative Agent or subject to a Deposit Account Control Agreement for application to the Secured Obligations, in accordance with Section 2.18 of the Credit Agreement, all in form and substance reasonably satisfactory to the Administrative Agent.

4.10. Federal, State or Municipal Claims. The Borrower will promptly notify the Administrative Agent of any Collateral which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law.

4.11. No Interference. The Borrower agrees that it will not interfere with any right, power and remedy of the Administrative Agent provided for in this Security Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Administrative Agent of any one or more of such rights, powers or remedies.

4.12. Insurance. (a) In the event any Collateral is located in any area that has been designated by the Federal Emergency Management Agency as a "Special Flood Hazard Area", the Borrower shall purchase and maintain flood insurance on such Collateral (including any personal property which is located on any real property leased by Borrower within a "Special Flood Hazard Area"). The amount of all insurance required by this Section shall at a minimum comply with applicable law, including the Flood Disaster Protection Act of 1973, as amended. All premiums on such insurance shall be paid when due by the Borrower, and copies of the policies delivered to the Administrative Agent. If the Borrower fails to obtain any insurance as required by this Section, the Administrative Agent at the direction of the Required Lenders may obtain such insurance at the Borrower's expense. This insurance may, but need not, protect such Borrower's interests. The coverage that the Administrative Agent purchases may not pay any claim that such Borrower makes or any claim that is made against such Borrower in connection with the Collateral. Such Borrower may later cancel any insurance purchased by the Administrative Agent, but only after providing the Administrative Agent with evidence that such Borrower has obtained insurance as required by this Agreement. If the Administrative Agent purchases insurance for the Collateral, such Borrower and the Borrower will be responsible for the costs of that insurance, including interest and any other charges the Administrative Agent may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Borrower's total outstanding balance or obligation. The costs of the insurance may be more than the cost of insurance such Borrower may be able to obtain on its own. By purchasing such insurance, the Administrative Agent shall not be deemed to have waived any Default arising from the Borrower's failure to maintain such insurance or pay any premiums therefor.

(b) All insurance policies required under Section 5.09 of the Credit Agreement shall name the Administrative Agent (for the benefit of the Administrative Agent and the Lenders) as an additional insured or as loss payee, as applicable, and shall contain loss payable clauses or mortgagee clauses, through endorsements in form and substance satisfactory to the Administrative Agent, which provide that: (i) all proceeds thereunder with respect to any Collateral shall be payable to the Administrative Agent; (ii) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy; and (iii) such policy and loss payable or mortgagee clauses may be canceled, amended, or terminated only upon at least thirty days prior written notice given to the Administrative Agent.

4.13. Collateral Access Agreements. The Borrower shall use commercially reasonable efforts to obtain a Collateral Access Agreement, from the lessor of each leased property, mortgagee of owned property or bailee or consignee with respect to any warehouse, processor or converter facility or other location where

Collateral is stored or located, which agreement or letter shall provide access rights, contain a waiver or subordination of all Liens or claims that the landlord, mortgagee, bailee or consignee may assert against the Collateral at that location, and shall otherwise be reasonably satisfactory in form and substance to the Administrative Agent.

4.14. Deposit Account Control Agreements. The Borrower will provide to the Administrative Agent upon the Administrative Agent's request, a Deposit Account Control Agreement duly executed on behalf of each financial institution holding a deposit account of the Borrower as set forth in the Security Agreement with any depositary bank other than the Administrative Agent.

4.15. Commodity Account Control Agreements. The Borrower will provide to the Administrative Agent upon the Administrative Agent's request, a Commodity Account Control Agreement duly executed on behalf of each commodities intermediary which has established a Commodity Account of the Borrower as set forth in the Security Agreement with any depositary bank other than the Administrative Agent.

4.16. Change of Name or Location; Change of Fiscal Year. The Borrower shall not (a) change its name as it appears in official filings in the state of its incorporation or organization, (b) change its chief executive office, principal place of business, mailing address, corporate offices or warehouses or locations at which Collateral is held or stored, or the location of its records concerning the Collateral as set forth in the Security Agreement, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, in each case, unless the Administrative Agent shall have received at least thirty days prior written notice of such change and the Administrative Agent shall have acknowledged in writing that either (1) such change will not adversely affect the validity, perfection or priority of the Administrative Agent's security interest in the Collateral, or (2) any reasonable action requested by the Administrative Agent in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Administrative Agent, on behalf of Lenders, in any Collateral), *provided that*, any new location shall be in the continental U.S. The Borrower shall not change its fiscal year which currently ends on December 31.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) Any representation or warranty made by or on behalf of the Borrower under or in connection with this Security Agreement shall be materially false as of the date on which made.

(b) The breach by the Borrower of any of the terms or provisions of Article IV or Article VII.

(c) The breach by the Borrower (other than a breach which constitutes an Event of Default under any other Section of this Article V) of any of the terms or provisions of this Security Agreement which is not remedied within ten days after notice to the Borrower of such breach.

(d) The occurrence of any "Event of Default" under, and as defined in, the Credit Agreement.

(e) Any Equity Interest which is included within the Collateral shall at any time constitute a Security or the issuer of any such Equity Interest shall take any action to have such interests treated as a Security unless (i) all certificates or other documents constituting such Security have been delivered to the Administrative Agent and such Security is properly defined as such under Article 8 of the UCC of the applicable

jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (ii) the Administrative Agent has entered into a control agreement with the issuer of such Security or with a securities intermediary relating to such Security and such Security is defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

5.2. Remedies.

(a) Upon the occurrence of an Event of Default, the Administrative Agent may exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Credit Agreement, or any other Loan Document; *provided that*, this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Administrative Agent and the Lenders prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any Deposit Account Control Agreement or Commodity Account Control Agreement or any other control agreement with any securities intermediary and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 8.1 or elsewhere herein), demand or advertisement of any kind to Borrower or any other Person, enter the premises of the Borrower where any Collateral is located (through self-help and without judicial process) to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at the Borrower's premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Administrative Agent may deem commercially reasonable; and

(v) concurrently with written notice to the Borrower, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Administrative Agent was the outright owner thereof.

(b) The Administrative Agent, on behalf of the Lenders, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Administrative Agent shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Administrative Agent and the Lenders, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption the Borrower hereby expressly releases.

(d) Until the Administrative Agent is able to effect a sale, lease, or other disposition of Collateral, the Administrative Agent shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose

deemed appropriate by the Administrative Agent. The Administrative Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Administrative Agent's remedies (for the benefit of the Administrative Agent and Lenders), with respect to such appointment without prior notice or hearing as to such appointment.

(e) If, after the Credit Agreement has terminated by its terms and all of the Obligations have been paid in full, there remain Swap Obligations outstanding, the Required Secured Parties may exercise the remedies provided in this Section 5.2 upon the occurrence of any event which would allow or require the termination or acceleration of any Swap Obligations pursuant to the terms of the Swap Agreement.

(f) Notwithstanding the foregoing, neither the Administrative Agent nor the Lenders shall be required to (i) make any demand upon, or pursue or exhaust any of their rights or remedies against, the Borrower, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Secured Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Secured Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(g) The Borrower recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. The Borrower also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the Borrower or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if the Borrower and the issuer would agree to do so.

5.3. Borrower's Obligations Upon Default. Upon the request of the Administrative Agent after the occurrence of a Default, the Borrower will:

(a) assemble and make available to the Administrative Agent the Collateral and all books and records relating thereto at any place or places specified by the Administrative Agent, whether at the Borrower's premises or elsewhere;

(b) permit the Administrative Agent, by the Administrative Agent's representatives and agents, to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Borrower for such use and occupancy;

(c) prepare and file, or cause an issuer of Pledged Collateral to prepare and file, with the Securities and Exchange Commission or any other applicable government agency, registration statements, a prospectus and such other documentation in connection with the Pledged Collateral as the Administrative Agent may request, all in form and substance satisfactory to the Administrative Agent, and furnish to the Administrative Agent, or cause an issuer of Pledged Collateral to furnish to the Administrative Agent, any information regarding the Pledged Collateral in such detail as the Administrative Agent may specify;

(d) take, or cause an issuer of Pledged Collateral to take, any and all actions necessary to register or qualify the Pledged Collateral to enable the Administrative Agent to consummate a public sale or other disposition of the Pledged Collateral; and

(e) at its own expense, cause the independent certified public accountants then engaged by the Borrower to prepare and deliver to the Administrative Agent and each Lender, at any time, and from time to time, promptly upon the Administrative Agent's request, the following reports with respect to the Borrower: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts.

5.4. Grant of Intellectual property License. For the purpose of enabling the Administrative Agent to exercise the rights and remedies under this Article V at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, the Borrower hereby (a) grants to the Administrative Agent, for the benefit of the Administrative Agent and the Lenders, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Borrower) to use, license or sublicense any Intellectual property Rights now owned or hereafter acquired by the Borrower, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Administrative Agent may sell any of the Borrower's Inventory directly to any person, including without limitation persons who have previously purchased the Borrower's Inventory from the Borrower and in connection with any such sale or other enforcement of the Administrative Agent's rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to the Borrower and any Inventory that is covered by any Copyright owned by or licensed to the Borrower and the Administrative Agent may finish any work in process and affix any Trademark owned by or licensed to the Borrower and sell such Inventory as provided herein.

ARTICLE VI

ACCOUNT VERIFICATION; ATTORNEY IN FACT; PROXY

6.1. Account Verification. The Administrative Agent may at any time, in the Administrative Agent's own name, in the name of a nominee of the Administrative Agent, or in the name of the Borrower communicate (by mail, telephone, facsimile or otherwise) with the Account Debtors of such Borrower, parties to contracts with the Borrower and obligors in respect of Instruments of the Borrower to verify with such Persons, to the Administrative Agent's satisfaction, the existence, amount, terms of, and any other matter relating to, Accounts, Instruments, Chattel Paper, payment intangibles and/or other Receivables.

6.2. Authorization for Secured Party to Take Certain Action.

(a) The Borrower irrevocably authorizes the Administrative Agent at any time and from time to time in the sole discretion of the Administrative Agent and appoints the Administrative Agent as its attorney in fact (i) to execute on behalf of the Borrower as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Administrative Agent Control over such Pledged Collateral, (v) to apply the proceeds of any Collateral received by the Administrative Agent to the Secured Obligations as provided in Section 7.3, (vi) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), (vii) to contact Account Debtors for any reason, (viii) to demand payment or enforce payment of the Receivables in the name of the Administrative Agent or the Borrower and to endorse any and all checks, drafts, and other instruments for the payment of money relating to the Receivables, (ix) to sign the Borrower's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of the Borrower, assignments and verifications of Receivables, (x) to exercise all of the Borrower's rights and remedies with

respect to the collection of the Receivables and any other Collateral, (xi) to settle, adjust, compromise, extend or renew the Receivables, (xii) to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xiii) to prepare, file and sign the Borrower's name on a proof of claim in bankruptcy or similar document against any Account Debtor of the Borrower, (xiv) to prepare, file and sign the Borrower's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xv) to change the address for delivery of mail addressed to the Borrower to such address as the Administrative Agent may designate and to receive, open and dispose of all mail addressed to the Borrower, and (xvi) to do all other acts and things necessary to carry out this Security Agreement; and the Borrower agrees to reimburse the Administrative Agent on demand for any payment made or any expense incurred by the Administrative Agent in connection with any of the foregoing; *provided that*, this authorization shall not relieve the Borrower of any of its obligations under this Security Agreement or under the Credit Agreement.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Administrative Agent, for the benefit of the Administrative Agent and Lenders, under this Section 6.2 are solely to protect the Administrative Agent's interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Lender to exercise any such powers. The Administrative Agent agrees that, except for the powers granted in Section 6.2(a)(i)-(vi) and Section 6.2(a)(xvi), it shall not exercise any power or authority granted to it unless an Event of Default has occurred and is continuing beyond any applicable grace and cure periods.

6.3. Proxy. THE BORROWER HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE AGENT AS THE PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.2 ABOVE) OF THE BORROWER WITH RESPECT TO THE PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH PLEDGED COLLATERAL, THE APPOINTMENT OF THE AGENT AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH PLEDGED COLLATERAL OR ANY OFFICER OR THE AGENT THEREOF), UPON THE OCCURRENCE OF A DEFAULT.

6.4. Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE AGENT AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 8.14. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NEITHER THE AGENT, NOR ANY LENDER, NOR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES WHICH ARE ATTRIBUTABLE TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE VII

COLLECTION AND APPLICATION OF COLLATERAL PROCEEDS; COMMODITY ACCOUNTS, DEPOSIT ACCOUNTS

7.1. Collection of Receivables.

(a) On or before the Closing Date, the Borrower shall (a) establish with the Administrative Agent one or more Deposit Accounts maintained by the Borrower into which all cash, checks or other similar payments relating to or constituting payments made in respect of Receivables will be deposited (a "Collateral Deposit Account"), which Collateral Deposit Accounts are identified as such on Exhibit B, and (b) establish lock box service (the "Lock Boxes") with the bank(s) set forth in Exhibit B, which lock boxes shall be subject to irrevocable lockbox agreements in the form provided by or otherwise acceptable to the Administrative Agent (a "Lock Box Agreement"). After the Closing Date, the Borrower will comply with the terms of Section 7.2.

(b) The Borrower shall direct all of its Account Debtors to forward payments directly to Lock Boxes subject to Lock Box Agreements. Borrower shall deposit all cash, checks or other similar payments related to or constituting payments made in respect of Receivables received by it to a Collateral Deposit Account. The Administrative Agent shall hold and apply funds received into any Collateral Deposit Account as provided by the terms of Section 7.3.

7.2. Covenant Regarding New Deposit Accounts; Commodity Accounts, Lock Boxes. Before opening or replacing any Collateral Deposit Account, Commodity Account, other Deposit Account, or establishing a new Lock Box with any party other than Administrative Agent, the Borrower shall (a) obtain the Administrative Agent's consent in writing to the opening of such Deposit Account, Commodity Account or Lock Box, and (b) cause each other bank or financial institution in which it seeks to open (i) a Deposit Account, to enter into a Deposit Account Control Agreement with the Administrative Agent in order to give the Administrative Agent Control of such Deposit Account, (ii) a Commodity Account, to enter into a Commodity Account Control Agreement with the Administrative Agent in order to give the Administrative Agent Control of such Commodity Account or (iii) a Lock Box, to enter into a Lock Box Agreement with the Administrative Agent in order to give the Administrative Agent Control of the Lock Box. In the case of Deposit Accounts or Lock Boxes maintained with Lenders, the terms of such letter shall be subject to the provisions of the Credit Agreement regarding setoffs.

7.3. Application of Proceeds; Deficiency. All amounts deposited in any Collateral Deposit Account shall be deemed received by the Administrative Agent and shall be applied (and allocated) by Administrative Agent in accordance with the Credit Agreement; *provided that*, so long as no Default has occurred and is continuing, collections which are received into any Collateral Deposit Account shall be deposited into the Borrower's Funding Account rather than being used to reduce amounts owing under the Credit Agreement. Any such proceeds of the Collateral shall be applied in the order set forth in Section 2.18 of the Credit Agreement unless a court of competent jurisdiction shall otherwise direct. The balance, if any, after all of the Secured Obligations have been satisfied, shall be deposited by the Administrative Agent into the Borrower's general operating account with the Administrative Agent. The Borrower shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Secured Obligations, including any attorneys' fees and other expenses incurred by Administrative Agent or any Lender to collect such deficiency.

ARTICLE VIII GENERAL PROVISIONS

8.1. Waivers. The Borrower hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Borrower, addressed as set forth in Article IX, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. To the maximum extent permitted by applicable law, the Borrower waives all claims, damages, and demands against the Administrative Agent or any Lender arising out of the repossession, retention or sale of the Collateral, except such as are attributable to the gross negligence or willful misconduct of the Administrative Agent or such Lender as finally determined by a court of competent jurisdiction. To the extent it may lawfully do so, the Borrower absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the

Administrative Agent or any Lender, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise. Except as otherwise specifically provided herein, the Borrower hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

8.2. Limitation on Administrative Agent's and Lenders' Duty with Respect to the Collateral. The Administrative Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Administrative Agent and each Lender shall use reasonable care with respect to the Collateral in its possession or under its control. Neither the Administrative Agent nor any Lender shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Administrative Agent or such Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner, the Borrower acknowledges and agrees that it is commercially reasonable for the Administrative Agent (i) to fail to incur expenses deemed significant by the Administrative Agent to prepare Collateral for disposition or otherwise to transform raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (iv) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as the Borrower, for expressions of interest in acquiring all or any portion of such Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Administrative Agent against risks of loss, collection or disposition of Collateral or to provide to the Administrative Agent a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral. The Borrower acknowledges that the purpose of this Section 8.2 is to provide non-exhaustive indications of what actions or omissions by the Administrative Agent would be commercially reasonable in the Administrative Agent's exercise of remedies against the Collateral and that other actions or omissions by the Administrative Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 8.2. Without limitation upon the foregoing, nothing contained in this Section 8.2 shall be construed to grant any rights to the Borrower or to impose any duties on the Administrative Agent that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 8.2.

8.3. Compromises and Collection of Collateral. The Borrower and the Administrative Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, the Borrower agrees that the Administrative Agent may at any time and from time to time, if an Event of Default has occurred and is continuing beyond any applicable grace and cure periods, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Administrative Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Administrative Agent shall be

commercially reasonable so long as the Administrative Agent acts in good faith based on information known to it at the time it takes any such action.

8.4. Secured Party Performance of Debtor Obligations. Without having any obligation to do so, the Administrative Agent may perform or pay any obligation which the Borrower has agreed to perform or pay in this Security Agreement and the Borrower shall reimburse the Administrative Agent for any amounts paid by the Administrative Agent pursuant to this Section 8.4. The Borrower's obligation to reimburse the Administrative Agent pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.5. Specific Performance of Certain Covenants. The Borrower acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1(d), 4.1(e), 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.12, 4.13, 4.14, 4.15, 4.16, 5.3, or 8.7 or in Article VII will cause irreparable injury to the Administrative Agent and the Lenders, that the Administrative Agent and Lenders have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Administrative Agent or the Lenders to seek and obtain specific performance of other obligations of the Borrower contained in this Security Agreement, that the covenants of the Borrower contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against the Borrower.

8.6. Dispositions Not Authorized. The Borrower is not authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1(d) and notwithstanding any course of dealing between the Borrower and the Administrative Agent or other conduct of the Administrative Agent, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1(d)) shall be binding upon the Administrative Agent or the Lenders unless such authorization is in writing signed by the Administrative Agent with the consent or at the direction of the Required Secured Parties.

8.7. No Waiver; Amendments; Cumulative Remedies. No delay or omission of the Administrative Agent or any Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Administrative Agent with the concurrence or at the direction of the Lenders required under Section 9.02 of the Credit Agreement and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Lenders until the Secured Obligations have been paid in full.

8.8. Limitation by Law; Severability of Provisions. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in any this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.9. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Borrower for liquidation or reorganization, should the Borrower become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of the Borrower's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the

event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

8.10. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that the Borrower shall not have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Administrative Agent. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Secured Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Administrative Agent, for the benefit of the Administrative Agent and the Lenders, hereunder.

8.11. Survival of Representations. All representations and warranties of the Borrower contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.12. Taxes and Expenses. Any taxes (including income taxes) payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Borrower, together with interest and penalties, if any. The Borrower shall reimburse the Administrative Agent for any and all out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Administrative Agent) paid or incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Borrower in the performance of actions required pursuant to the terms hereof shall be borne solely by the Borrower.

8.13. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.14. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (i) the Credit Agreement has terminated pursuant to its express terms and (ii) all of the Secured Obligations have been indefeasibly paid and performed in full (or with respect to any outstanding Letters of Credit, a cash deposit or Supporting Letter of Credit has been delivered to the Administrative Agent as required by the Credit Agreement) and no commitments of the Administrative Agent or the Lenders which would give rise to any Secured Obligations are outstanding.

8.15. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Borrower and the Administrative Agent relating to the Collateral and supersedes all prior agreements and understandings between the Borrower and the Administrative Agent relating to the Collateral.

8.16. **CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF INDIANA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.**

8.17. **CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR INDIANA STATE COURT SITTING IN INDIANAPOLIS, INDIANA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN**

RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN INDIANAPOLIS, INDIANA.

8.18. WAIVER OF JURY TRIAL. THE BORROWER, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

8.19. Indemnity. The Borrower hereby agrees to indemnify the Administrative Agent and the Lenders, and their respective successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Administrative Agent or any Lender is a party thereto) imposed on, incurred by or asserted against the Administrative Agent or the Lenders, or their respective successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Administrative Agent or the Lenders or the Borrower, and any claim for Patent, Trademark or Copyright infringement), provided that such indemnification will not extend to third party claims which are attributable to the gross negligence or willful misconduct of the Administrative Agent or the Lenders, or to claims attributable to the Collateral which are attributable to the actions of the Administrative Agent or the Lender which violate a duty of a secured party under 9-207 of the UCC.

8.20. Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart.

ARTICLE IX NOTICES

9.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be sent by United States mail, telecopier, personal delivery or nationally established overnight courier service, and shall be deemed received (a) when received, if sent by hand or overnight courier service, or mailed by certified or registered mail notices or (b) when sent, if sent by telecopier (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient), in each case addressed to the Borrower at the address set forth on Exhibit A as its principal place of business, and to the Administrative Agent and the Lenders at the addresses set forth in accordance with Section 9.01 of the Credit Agreement.

9.2. Change in Address for Notices. Each of the Borrower, the Administrative Agent and the Lenders may change the address for service of notice upon it by a notice in writing to the other parties.

ARTICLE X
THE ADMINISTRATIVE AGENT

JPMorgan Chase Bank, N.A. has been appointed Administrative Agent for the Lenders hereunder pursuant to Article VIII of the Credit Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Lenders to the Administrative Agent pursuant to the Credit Agreement, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article VIII. Any successor Administrative Agent appointed pursuant to Article VIII of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower and the Administrative Agent have executed this Security Agreement as of the date first above written.

BORROWER:

LANSING GRAIN COMPANY, LLC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____

Name: _____

Title: _____

STATE OF _____)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ___ day of _____, 2006, by _____ and _____, the _____ and _____ respectively of Lansing Grain company, LLC, as the authorized act and deed of such limited liability company.

Notary Public

My commission expires: _____

My County of Residence: _____

EXHIBIT A

(See Sections 3.2, 3.3, 3.4, 3.10 and 9.1 of Security Agreement)

BORROWER'S INFORMATION AND COLLATERAL LOCATIONS

- I. **Name of Borrower:** Lansing Grain Company, LLC
- II. **State of Incorporation or Organization:** Michigan
- III. **Type of Entity:** Limited Liability Company
- IV. **Organizational Number assigned by State of Incorporation or Organization:** B0096H
- V. **Federal Identification Number:** 05-0542383
- VI. **Place of Business (if it has only one) or Chief Executive Office (if more than one place of business) and Mailing Address:**

2280 Sower Blvd.
Okemos, MI 48864
Attention: James Jenks, Chief Financial Officer

VII. **Locations of Collateral:**

(a) Properties Owned by the Borrower:

805 Highway 26
Bliss ID 83314

(b) Properties Leased by the Borrower (Include Landlord's Name):

9900 West 109th Street
Suite 400
Overland Park, KS 66210
Knickerbocker Properties, Inc.
XXI
P.O. Box 29634 G.P.O
New York, NY 10087-9634

400 S. 4th St., Ste 754
Minneapolis, MN 55415
(Month to month rental agreement)
Minneapolis Grain Exchange
Real Estate Department Suite 130
400 South 4th Street
Minneapolis, MN 55415

Argo Terminal
8500 West 68th St.
Argo, IL 60501
Kinder Morgan Liquids Terminals
LLC
Midwest Region
8500 W. 68th St.
Argo, IL 60501

8005 West 110th Street, Suite 200
Overland Park, KS 66210
K.C. Investors, L.L.P.
PO Box 872177
Kansas City, MO 64187

2 South St.
Auburn, NY 13021
Dean/Conroy, LLC
2 South St.
Auburn, NY 13021

22 Lawrence Ave., Suite 216
Smithtown, NY 11787
(Month to month rental agreement)
Smith-Hunt Realty, LLC
291 Maplewood Rd.
Huntington Station, NY 11746

2280 Sower Blvd.
Okemos, MI 48864
Delta Management Company
2079 Riverwood Drive
Okemos, MI 48864

- (c) Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements
(include name of Warehouse Operator or other Bailee or Consignee):

Commodity: Potato Flakes

LGC Contact: Lance Laugen - 454
Location: Lima, OH
Liberty Business Center
1501 S. Dixie Hwy
Lima, OH 45804
419-225-6200
419-225-8043 (fax)

Contact: Patty
Location: Delphos, OH
D&D Ingredients
5025 North Kill Road
Delphos, OH 45833

Contact: Arnie
Location: Buhl, ID
Rangen, Inc
P.O. Box 706
115 13th Ave. South
Buhl, ID 83316
208-543-6421 ext 356
208-543-4698 (fax)

Contact: Gary Watkins
Location: Modesto, CA
Lopes Trucking Service, Inc.
2127 S. Carpenter Road
Modesto, CA 95358
209-537-8901
209-537-8903 (fax)

Commodity: Whole Cottonseed

LGC Contact: Paul Scruggs – 249

Location: Helena, AR

James O. Kelly

D/b/a Kelly Contractors

104 Rollingwood Drive

Brandon, MS 39042

870-338-3516

870-338-3519 (fax)

Location: Roggen, CO

Roggen Coop

Box 8

Roggen, CO 80652

Fax 303-849-5508

LGC Contact: Chuck Lapke - 248

Location: Stanfield, AZ

T&K Red River Dairy

P.O. Box 189

Stanfield, AZ 85272

520-424-3622

520-424-3090 (fax)

Commodity: Durum Wheat

LGC Contact: Chuck Lapke - 248

Attention: Pam Ferguson

Dunn Grain Company

1129 So. Arizona Ave.

Yuma, AZ 85365

PHONE: (928) 344-3866

FAX: (928) 344-5475

AgriNorthwest

P.O. Box 2308

Tri-Cities, WA 99302-2308

Attention: Rhonda

(509) 734-5048 (FAX)

(509) 734-5040 (PH)

EXHIBIT B

(See Section 3.5 of Security Agreement)

DEPOSIT ACCOUNTS

<u>Name of Institution</u>	<u>Account Number</u>	Check here if Deposit Account is a Collateral <u>Deposit Account</u>	Description of Deposit Account if not a <u>Collateral Deposit Account</u>
JPMorgan Chase Bank, N.A.	240033908501	x	
JPMorgan Chase Bank	245000103813		Kansas City Petty Cash
JPMorgan Chase Bank	686907882		Auburn Petty Cash
JPMorgan Chase Bank	656677788		Bliss Petty Cash
JPMorgan Chase Bank	240033907701		Escrow
Wells Fargo Bank, N.A.	202-0047622		Minnesota Petty Cash

LOCK BOXES

<u>Name of Institution</u>	<u>Lock Box Number</u>
JPMorgan Chase Bank, N.A.	7021
JPMorgan Chase Bank, N.A.	7025
JPMorgan Chase Bank, N.A.	7026
JPMorgan Chase Bank, N.A.	1536

COMMODITY ACCOUNTS

<u>Name of Institution</u>	<u>Account Number</u>
ABN AMRO Incorporated	05-0542383 and sub-accounts

EXHIBIT C
(See Section 3.8 of Security Agreement)

LETTER OF CREDIT RIGHTS

None

CHATTEL PAPER

None

EXHIBIT D

(See Section 3.11 and 3.12 of Security Agreement)

INTELLECTUAL PROPERTY RIGHTS**PATENTS**

<u>Patent Description</u>	<u>Patent Number</u>	<u>Issue Date</u>
None		

PATENT APPLICATIONS

<u>Patent Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
None		

TRADEMARKS

<u>Trademark</u>	<u>Registration Date</u>	<u>Registration Number</u>
None		

TRADEMARK APPLICATIONS

<u>Trademark Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
None		

COPYRIGHTS

<u>Copyright</u>	<u>Registration Date</u>	<u>Registration Number</u>
None		

COPYRIGHT APPLICATIONS

<u>Copyright Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
None		

INTELLECTUAL PROPERTY LICENSES

<u>Name of Agreement</u>	<u>Date of Agreement</u>	<u>Parties to Agreement</u>
None		

EXHIBIT E
(See Section 3.12 of Security Agreement)

TITLE DOCUMENTS

I. Vehicles subject to certificates of title:

<u>Description</u>	<u>Title Number</u>	<u>State Where Issued</u>
None		

EXHIBIT F
(See Section 3.12 of Security Agreement)

RAIL CARS AND LOCOMOTIVES

The following locomotives

Manufacturer: _____, Model GP-9, Loco #4517, Built in 1957, 1750 HP, diesel engine, 8" piston, 26L airbrake
--

The following 64 covered hopper rail cars

	Original Marking		Restencils	
1.	DSRC	900203	LANX	8100
2.	DSRC	900005	LANX	8101
3.	DSRC	900018	LANX	8102
4.	DSRC	900051	LANX	8103
5.	DSRC	900003	LANX	8104
6.	DSRC	900006	LANX	8105
7.	DSRC	900020	LANX	8106
8.	DSRC	900027	LANX	8107
9.	DSRC	900030	LANX	8108
10.	DSRC	900031	LANX	8109
11.	DSRC	900036	LANX	8110
12.	DSRC	900039	LANX	8111
13.	DSRC	900052	LANX	8112
14.	DSRC	900055	LANX	8113
15.	DSRC	900073	LANX	8114
16.	DSRC	900075	LANX	8115
17.	DSRC	900080	LANX	8116
18.	DSRC	900083	LANX	8117
19.	DSRC	900085	LANX	8118
20.	DSRC	900089	LANX	8119
21.	DSRC	900092	LANX	8120
22.	DSRC	900097	LANX	8121
23.	DSRC	900096	LANX	8122
24.	DSRC	900101	LANX	8123
25.	DSRC	900104	LANX	8124
26.	DSRC	900112	LANX	8125
27.	DSRC	900113	LANX	8126
28.	DSRC	900122	LANX	8127
29.	DSRC	900125	LANX	8128

30.	DSRC	900126	LANX	8129
31.	DSRC	900128	LANX	8130
32.	DSRC	900130	LANX	8131
33.	DSRC	900133	LANX	8132
34.	DSRC	900139	LANX	8133
35.	DSRC	900144	LANX	8134
36.	DSRC	900154	LANX	8135
37.	DSRC	900162	LANX	8136
38.	DSRC	900166	LANX	8137
39.	DSRC	900173	LANX	8138
40.	DSRC	900181	LANX	8139
41.	DSRC	900185	LANX	8140
42.	DSRC	900190	LANX	8141
43.	DSRC	900198	LANX	8142
44.	DSRC	900197	LANX	8143
45.	DSRC	900200	LANX	8144
46.	DSRC	900204	LANX	8145
47.	DSRC	900215	LANX	8146
48.	DSRC	900219	LANX	8147
49.	DSRC	900224	LANX	8148
50.	DONX	7105	LANX	7100
51.	DONX	7109	LANX	7101
52.	DONX	7110	LANX	7102
53.	DONX	7112	LANX	7103
54.	DONX	7116	LANX	7104
55.	DONX	7121	LANX	7105
56.	DONX	7122	LANX	7106
57.	DONX	7123	LANX	7107
58.	DONX	7124	LANX	7108
59.	DONX	7128	LANX	7109
60.	DONX	7162	LANX	7110
61.	DONX	7164	LANX	7111
62.	DONX	7168	LANX	7112
63.	DONX	7171	LANX	7113
64.	DONX	7177	LANX	7114

EXHIBIT G

(See Section 3.14 of Security Agreement and Definition of "Pledged Collateral")

LIST OF PLEDGED COLLATERAL, SECURITIES AND OTHER INVESTMENT PROPERTY**STOCKS**

<u>Issuer</u>	<u>Certificate Number(s)</u>	<u>Number of Shares</u>	<u>Class of Stock</u>	<u>Percentage of Outstanding Shares</u>
Wright Lorenz Grain Co., Inc.	No certificates		Common	33.0%

MEMBERSHIP INTERESTS IN LIMITED LIABILITY COMPANIES

<u>Issuer</u>	<u>Certificate Number(s), if any</u>	<u>Number of Units</u>	<u>Class of Interest</u>	<u>Percentage of Outstanding Interests</u>
Red Cloud Grain, LLC	No Certificates		Member	70.3%
Erskine Grain Terminal, LLC	No Certificates		Member	25.0%
Westland Terminal, LLC	No Certificates		Member	29.6%

BONDS

<u>Issuer</u>	<u>Number</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>
None				

GOVERNMENT SECURITIES

<u>Issuer</u>	<u>Number</u>	<u>Type</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>
None					

**OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED)**

<u>Issuer</u>	<u>Description of Collateral</u>	<u>Percentage Ownership Interest</u>
None		

EXHIBIT H

(See Section 3.1 of Security Agreement)

OFFICES IN WHICH FINANCING STATEMENTS HAVE BEEN FILED

UCC – Michigan

PPSA Registrations

Ontario

Alberta

Saskatchewan

New Brunswick

Nova Scotia

British Columbia

Manitoba

EXHIBIT I
(See Section 4.4 and 4.8 of Security Agreement)

AMENDMENT

This Amendment, dated _____, is delivered pursuant to Section 4.4 of the Security Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Security Agreement. The undersigned hereby certifies that the representations and warranties in Article III of the Security Agreement are and continue to be true and correct. The undersigned further agrees that this Amendment may be attached to that certain Pledge and Security Agreement, dated _____, between the undersigned, as the Borrower, and JPMorgan Chase Bank, N.A., as the Administrative Agent, (the "Security Agreement") and that the Collateral listed on Schedule I to this Amendment shall be and become a part of the Collateral referred to in said Security Agreement and shall secure all Secured Obligations referred to in said Security Agreement.

LANSING GRAIN COMPANY, LLC

By:

Name: _____

Title: _____

SCHEDULE I TO AMENDMENT

STOCKS

<u>Issuer</u>	<u>Certificate Number(s)</u>	<u>Number of Shares</u>	<u>Class of Stock</u>	<u>Percentage of Outstanding Shares</u>

BONDS

<u>Issuer</u>	<u>Number</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

GOVERNMENT SECURITIES

<u>Issuer</u>	<u>Number</u>	<u>Type</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED)

<u>Issuer</u>	<u>Description of Collateral</u>	<u>Percentage Ownership Interest</u>